

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: BUCHANAN PRODUCTION COMPANY)	VIRGINIA GAS
)	AND OIL BOARD
RELIEF SOUGHT: POOLING OF INTERESTS IN)	
DRILLING UNIT NO. S-35 LOCATED)	DOCKET NO.
IN THE OAKWOOD COALBED METHANE GAS)	98-0915-0681
FIELD I PURSUANT TO VA. CODE ANN.)	
§ 45.1-361.22, FOR THE PRODUCTION)	
OF OCCLUDED NATURAL GAS PRODUCED)	
FROM COALBEDS AND ROCK STRATA)	
ASSOCIATED THEREWITH herein)	
Collectively referred to as)	
"Coalbed Methane Gas" or "Gas"))	
)	
LEGAL DESCRIPTION:)	
)	
DRILLING UNIT NUMBER S-35)	
(hereafter "Subject Drilling Unit"))	
IN THE OAKWOOD COALBED METHANE GAS FIELD I)	
GARDEN MAGISTERIAL DISTRICT,)	
KEEN MOUNTAIN QUADRANGLE)	
BUCHANAN COUNTY, VIRGINIA)	
(the "Subject Lands" are more)	
particularly described on Exhibit)	
"A", attached hereto and made a)	
part hereof))	

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on September 15, 1998, Dickenson Conference Center, Southwest Virginia Education 4-H Center, Abingdon, Virginia.

2. Appearances: Mark Swartz, Esquire, appeared for the Applicant. Numerous heirs of the estate of Linkous Horn appeared in opposition to the proposed Gas operations being conducted within Subject Drilling Unit. Sandra Riggs, Assistant Attorney General, was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Va. Code Ann. §§ 45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a search of the reasonably available sources to determine the identity and whereabouts of gas and oil owners, coal owners, mineral owners and/or potential owners, i.e., persons identified by Applicant as having ("Owner") or claiming ("Claimant") the rights to Coalbed Methane Gas in all coal seams below the Tiller Seam, including the Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas No. 9,

Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2 and various unnamed coal seams, coalbeds and rock strata associated therewith (hereafter "Subject Formation") in Subject Drilling Unit underlying and comprised of Subject Lands; (2) represented it has given notice to those parties (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code Ann. §§ 45.1-361.19 and 45.1-361.22, to notice of the Application filed herein; and (3) that the persons set forth in Exhibit B-3 hereto are persons identified by Applicant through its due diligence who may be Owners or Claimants of Coalbed Methane Gas interests in Subject Formation, in Subject Drilling Unit underlying and comprised of Subject Lands, who have not heretofore agreed to lease or sell to the Applicant and/or voluntarily pool their Gas interests. Conflicting Gas Owners/Claimants in Subject Drilling Unit are listed on Exhibit E. Further, the Board has caused notice of this hearing to be published as required by Va. Code Ann. § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: None.

5. Dismissals: None.

6. Relief Requested: Applicant requests (1) that pursuant to Va. Code Ann. § 45.1-361.22, including the applicable portions of Va. Code Ann. § 45.1-361.21, the Board pool all the rights, interests and estates in and to the Gas in Subject Drilling Unit, including the pooling of the interests of the Applicant and of the known and unknown persons named in Exhibit B-3 hereto and that of their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas, produced from or allocated to the Subject Drilling Unit established for the Subject Formation underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"), and (2) that the Board designate CONSOL Inc. as Unit Operator. Numerous heirs to the estate of Linkous Horn appeared to oppose the Gas operations proposed by Applicant for Subject Drilling Unit because, among other things, they have been unable to reach a voluntary agreement with the Unit Operator to purchase their surface estate(s).

7. Relief Granted: The objections posed by the heirs of the Estate of Linkous Horn are denied, and the Operator's requested relief in this cause be and hereby is granted: (1) Pursuant to Va. Code Ann. § 45.1-361.21.C.3, CONSOL Inc. (hereafter "Unit Operator") is designated as the Unit Operator authorized to drill and operate Coalbed Methane Gas well(s) in the Subject Drilling Unit at the locations depicted on the plat attached hereto as Exhibit A, subject to the permit provisions contained in Va. Code Ann. § 45.1-361.27 et seq.; to the Oakwood Coalbed Methane Gas Field I Order OGCB 3-90, dated May 18, 1990, as amended; to § 4 VAC 25-150 et seq., Gas and Oil Regulations; and to §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time, and (2) all the interests and estates in and to the Gas in Subject Drilling Unit, including that of the Applicant and of the known

and unknown persons listed on Exhibit B-3, attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, be and hereby are pooled in the Subject Formation in the Subject Drilling Unit underlying and comprised of the Subject Lands.

<u>Subject Formation</u>	<u>Unit Size</u>	<u>Permitted Well Location(s)</u>	<u>Field and Well Classification</u>	<u>Order Number</u>
All coal-beds and coal seams below the Tiller Seam, including, but not limited to Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas Nos. 9, 8, 7, 6, 5, 4, 3, 2 and various unnamed seams and associated rock strata	Approximately 80-acre square drilling unit	Wells CBM-PGP-S35A and CBM-PGP-S35B are proposed to be located in Unit S-35 at the locations depicted on the Plat attached hereto as Exhibit A each to be drilled to an approximate depth of 1,910 feet.	Oakwood Coalbed Gas Field I for Coalbed Methane Gas Produced in advance of mining including Gas from an Additional Well Authorized Pursuant to Va. Code § 45.1-361.20	OGCB-as amended, (herein "Oakwood I Field Rules")

For the Subject Drilling Unit
underlying and comprised of the Subject
Land referred to as:

Unit Number S-35
Buchanan County, Virginia

Pursuant to the Oakwood I Field Rules, the Board has adopted the following method for the calculation of production and revenue and allocation of allowable costs for the production of Coalbed Methane Gas.

For Frac Well Gas. - Gas shall be produced from and allocated to only the 80-acre drilling unit in which the well(s) is located according to the undivided interests of each Owner/Claimant within the unit, which undivided interest shall be the ratio (expressed as a percentage) that the amount of mineral acreage within each separate tract that is within the Subject Drilling Unit, when platted on the surface, bears to the total mineral acreage, when platted on the surface, contained within the entire 80-acre drilling unit in the manner set forth in the Oakwood I

Field Rules.

8. Election and Election Period: In the event any Owner or Claimant named in Exhibit B-3 hereto does not reach a voluntary agreement to share in the operation of the well(s) to be located in the Subject Drilling Unit, at a rate of payment mutually agreed to by said Gas Owner or Claimant and the Unit Operator, then such person named may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 to the designated Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed its written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any Gas Owner or Claimant named in Exhibit B-3 who does not reach a voluntary agreement with the Operator may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs of the development contemplated by this Order for Gas produced pursuant to the Oakwood I Field Rules, including a reasonable supervision fee, of the well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation 4 VAC 25-160-100 (herein "Completed-for-Production Costs"). Further, a Participating Operator agrees to pay the estimate of such Participating Operator's proportionate part of the Completed-for-Production Cost as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The Completed-for-Production Cost for the Subject Drilling Unit is as follows:

Completed-for-Production Cost: \$233,870.50

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operators' "Interest in Unit" times the Completed-for-Production Cost set forth above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the Completed-for-Production Cost as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

- 9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above, any Gas Owner or Claimant named in Exhibit B-3 hereto who does not reach a voluntary agreement with the Applicant or Operator may elect to accept a cash bonus consideration of \$1.00 per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, and thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Coalbed Methane Gas produced from any well development covered by this Order multiplied by that person's Division of Interest or proportional share of said production [for purposes of this Order, net proceeds shall be actual proceeds received less post-production costs incurred downstream of the wellhead, including, but not limited to, gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person) as fair, reasonable and equitable compensation to be paid to said Gas Owner or Claimant. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within sixty (60) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within sixty (60) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, subject to a final legal determination of ownership, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing person in and to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to and hereby does lease and assign, its right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any Gas Owner or Claimant named in Exhibit B-3 hereto who does not reach a voluntary agreement with the Applicant or Operator may elect to share in the development and operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator"] so that the proportionate part of the

Completed-for-Production Cost hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims in and to the Gas in Subject Drilling Unit shall be deemed and hereby are assigned to the Applicant until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Cost allocable to the interest of such Carried Well Operator. When the Applicant recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.3, when so made, shall be satisfaction in full for the rights, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign its rights, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event a person named in Exhibit B-3 hereto does not reach a voluntary agreement with the Applicant or Operator and fails to elect within the time, in the manner and in accordance with the terms of this Order, one of the alternatives set forth in Paragraph 9 above for which his interest qualifies, then such person shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to a final legal determination of ownership, to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned his right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed, subject to a final legal determination of ownership, to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the right, interests, and claims of such person in and to the Gas produced from the Subject Formation underlying Subject Lands.

11. Default By Participating Person: In the event a person named in Exhibit B-3 elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Completed-for-Production Cost as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, interest, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within one hundred twenty (120) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests, and claims of such person in and to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any royalties which would become due pursuant to Paragraph 9.2 hereof.

12. Assignment of Interest: In the event a person named in Exhibit B-3 is unable to reach a voluntary agreement to share in the operation of the well(s) contemplated by this Order at a rate of payment agreed to mutually by said Owner or Claimant and the Operator, and such person elects or fails to elect to do other than participate under Paragraph 9.1 above in the development and operation of Subject Formations in Subject Drilling Unit, then subject to a final legal determination of ownership, such person shall be deemed to have and shall have assigned unto Unit Operator such person's right, interests, and claims in and to said well(s), and other share in production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said election.

13. Unit Operator (or Operator): Pocahontas Gas Partnership be and hereby is designated as Unit Operator authorized to drill and operate the Coalbed Methane Well(s) in Subject Formation in Subject Drilling Unit, all subject to the permit provisions contained in Va. Code Ann. §§ 45.1-361.27 et seq.; §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations; the Oakwood Coalbed Gas Field I Order OGCB 3-90, all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

CONSOL Inc.
P. O. Box 947
Bluefield, VA 24605
Phone: (540) 988-1016
Fax: (540) 988-1050
Attn: Leslie K. Arrington

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of the well(s) within the Subject Drilling Unit within seven hundred thirty (730) days from the date of this Order and shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and/or prosecuted, then this Order shall terminate, except for any cash sums then payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 P.M. on the date on which all well(s) covered by this Order are permanently abandoned and plugged. However, in the event an appeal is taken from this Order, then the time between the filing of the petition for appeal and the final Order of the Circuit Court shall be excluded in calculating the one year period referred to herein.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are chargeable against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

The Operator represented to the Board that there are no unknown or unlocatable claimants whose payments would be subject to the provisions of Paragraph 16.1 hereof; however, as reflected on Exhibit E hereto, the Operator has represented to the Board that there are conflicting claimants whose payments are subject to the provisions of Paragraph 16.2 hereof. By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account, (herein "the Escrow Account") to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described in Paragraph 16.2 for the conflicting claimants listed in Exhibit E:

First Virginia Bank-Mt. Empire
Trust Department
P. O. Box 1038
Abingdon, VA 24210
Telephone: (540) 475-2242
Fax: (540) 628-2766

16.1. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator and, pursuant to Va. Code Ann. § 45.1-361.21.D, said sums shall be deposited by the Operator into the Escrow Account, commencing within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly

basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are being deposited. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with Va. Code Ann. § 45.1-361.21.D.

- 16.2 Escrow Provisions For Conflicting Claimants: If any payment of bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment, proceeds in excess of ongoing operational expenses, or other payment, together with Participating Operator's Proportionate Costs paid to Operator pursuant to Paragraph 9.1 hereof, if any, (1) shall not be commingled with any funds of the Unit Operator; and (2) shall, pursuant to Va. Code Ann. §§ 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4, be deposited by the Operator into the Escrow Account within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

17. Special Findings: The Board specifically and specially finds:

- 17.1. Applicant is a Virginia general partnership composed of Appalachian Operators, Inc., and Appalachian Methane, Inc., who are indirect wholly owned subsidiaries of MCN Corporation. Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.2. CONSOL Inc. has accepted Applicant's delegation of authority to explore, develop and maintain the properties and assets of Applicant now owned or hereafter acquired, has agreed to explore, develop and maintain the properties and assets of Applicant, and has consented to serve as Coalbed Methane Gas Unit Operator for Subject Drilling Unit and to faithfully discharge the duties imposed upon it as Unit Operator by statute and regulations;
- 17.3. CONSOL Inc. is a Delaware corporation duly authorized to transact business in the Commonwealth of Virginia and is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;

- 17.4. Applicant, Buchanan Production Company, claims ownership of gas leases, Coalbed Methane Gas leases, and/or coal leases representing 97.6059 percent of the oil and gas interest and 100 percent of the coal interest in Subject Drilling Unit, and Applicant claims the right to explore for, develop and produce Coalbed Methane Gas from Subject Formations in Oakwood Unit Number S-35 in Buchanan County, Virginia, which Subject Lands are more particularly described in Exhibit "A";
- 17.5. Applicant currently proposes to drill Wells CBM-PGP-S35A and CBM-PGP-S35B on the Subject Drilling Unit at the locations depicted on the plat attached hereto as Exhibit A to develop the pool of Gas in Subject Formations;
- 17.6. The estimated total production from Subject Drilling Unit is 125 to 550 MMCF. The estimated amount of reserves from the Subject Drilling Unit is 125 to 550 MMCF;
- 17.7. Set forth in Exhibit B-3 is the name and last known address of each Owner or Claimant identified by the Applicant as having or claiming an interest in the Coalbed Methane Gas in Subject Formation in Subject Drilling Unit underlying and comprised of Subject Lands, who has not, in writing, leased to the Applicant or the Unit Operator or agreed to voluntarily pool his interests in Subject Drilling Unit for its development. The interests of the Respondents listed in Exhibit B-3 comprise 2.3941 percent of the oil and gas interests and 0 percent of the coal interests in Subject Drilling Unit;
- 17.8. Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in any well covered hereby are those options provided in Paragraph 9 above;
- 17.9. The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person listed and named in Exhibit B-3 hereto the opportunity to recover or receive, without unnecessary expense, such person's just and fair share of the production from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of coalbed methane gas, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.
18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of recording of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of its receipt to each Respondent named in Exhibit B-3 pooled by this Order and

whose address is known.

19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

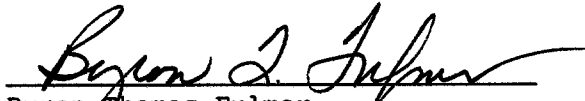
21. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court. Such appeals must be taken in the manner prescribed in the Administrative Process Act, Va. Code Ann. § 9-6.14:1 et seq. and Rule 2A of the Rules of the Virginia Supreme Court.

22. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 24th day of November, 1998, by a majority of the Virginia Gas and Oil Board.



Chairman Benny R. Wampler

DONE AND PERFORMED this 1st day of December, 1998, by Order of this Board.


Byron Thomas Fulmer
Principal Executive To The Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

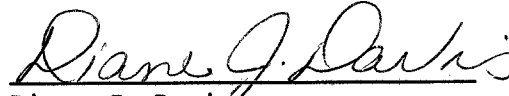
Acknowledged on this 24th day of November, 1998, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

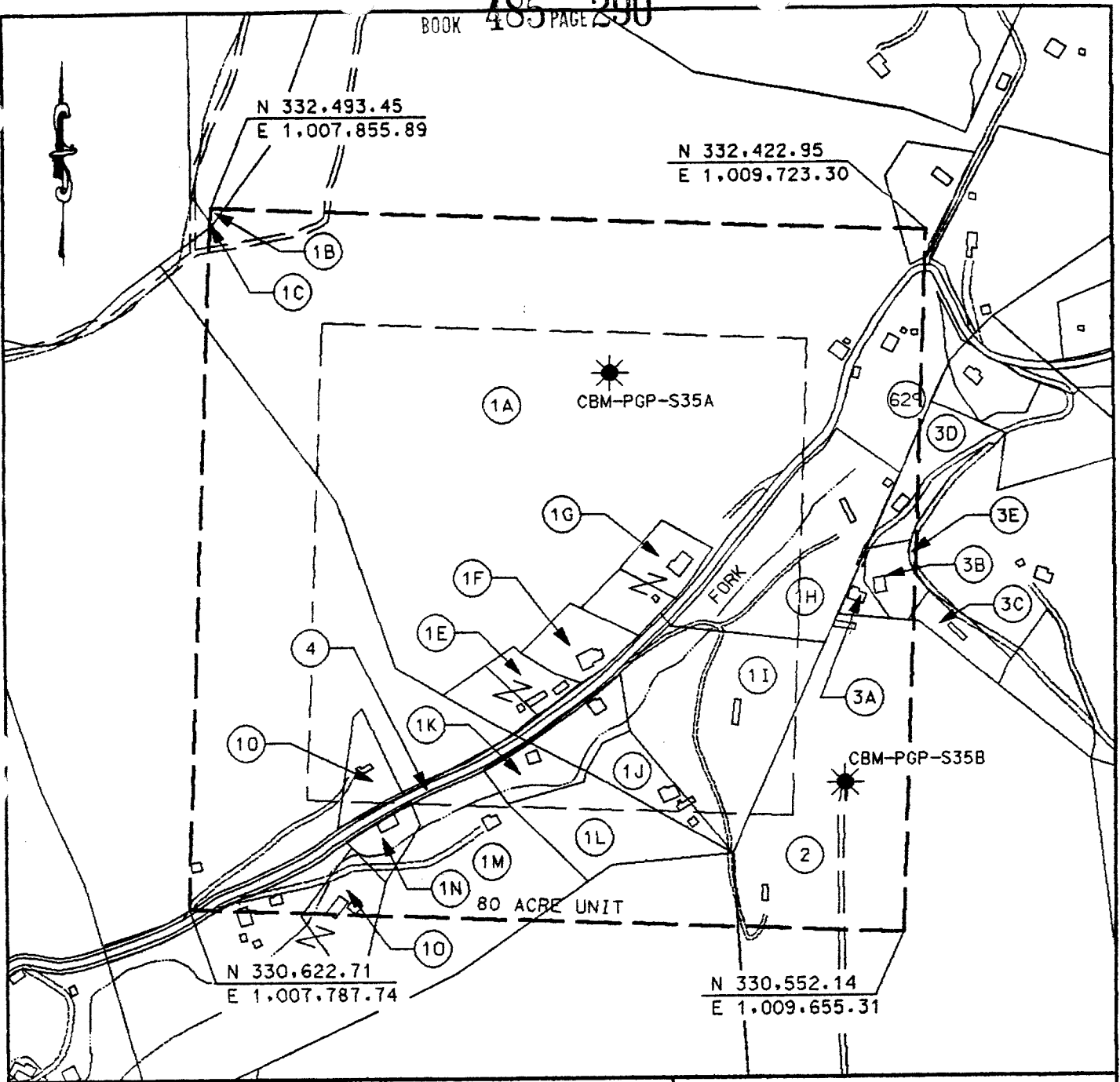
My commission expires July 31, 2002

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 1st day of December, 1998, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Diane J. Davis
Notary Public

My commission expires September 30, 2001



LEGEND

← TRACT LAND HOOK

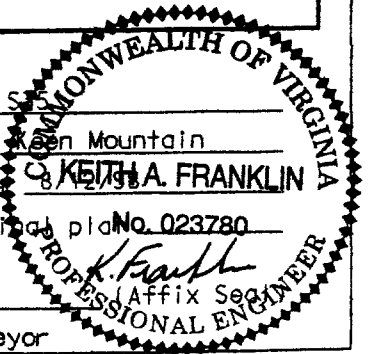
[2] TRACT LAND ID'S

EXHIBIT A
OAKWOOD FIELD UNIT S-35
FORCE POOLING
VGOB-98-0915-0681

Company CONSOL Inc. Well Name and Number UNIT S-35
Tract No. Elevation Quadrangle Keen Mountain
County Buchanan District Garden Scale: 1" = 400' Date 8/12/98
This plat is a new plat X ; an updated plat ; or a final plat

Form DGO-GO-7
Rev. 9/91

Keith A. Franklin
Licensed Professional Engineer or Licensed Land Surveyor



CONSOL INC.
UNIT S-35
Tract Identification

1. Alpha Stickley, et al - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Buchanan Production Company - CBM Lessee
71.02 acres 88.7750%
- 1A. Betty Ferrell - Surface
- 1B. Franks & Culbertson - Surface
- 1C. Jerry W. Keene - Surface
- 1D. Ricky McGinnis - Surface
- 1E. Starling Osborne - Surface
- 1F. Ray Horn - Surface
- 1G. Troy Horn - Surface
- 1H. Brain Clifton - Surface
- 1I. Betty Ferrell - Surface
- 1J. Tim Compton - Surface
- 1K. Billy Hylton - Surface
- 1L. Paul Thomas, Trustee - Surface
- 1M. Mary Crawford - Surface
- 1N. Bascom Clifton - Surface
- 1O. Mary Crawford - Surface
2. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Thomas Stillwell Heirs - Surface, Oil & Gas
6.67 acres 8.3375%
3. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Linkous Horn Heirs - Oil & Gas
1.15 acres 1.4375%
- 3A. Eddie Justus - Surface
- 3B. Noah & Mary Keene - Surface
- 3C. Robert Trent - Surface
- 3D. Bertha Goodwin - Surface
- 3E. Linkous Horn Heirs - Surface

CONSOL INC.
UNIT S-35
Tract Identification

4. Alpha Stickley, et al 75% - Coal, Oil & Gas
Virginia Department of Transportation 25% - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Buchanan Production Company - CBM Lessee
1.16 acres 1.4500%

UNIT S-35
Docket # VGOB-98-0915-0681
Exhibit B-3
List of Unleased Owners/Claimants

	Acres in Unit	Percent of Unit
I. COAL FEE OWNERSHIP		
Tract #4, 1.16 acres		
(1) Virginia Department of Transportation 870 Bonham Road Bristol, VA 24201	0.29 acres 1/4 of 1.16 acres	0.36250%
II. OIL & GAS FEE OWNERSHIP		
Tract #2, 6.67 acres		
(1) Thomas Stilwell Heirs, Devisees, Successors or Assigns	6.67 acres	8.33750%
(a) David W. Stilwell 2107 7th Avenue Apt. 15 Belle Fourche, SD	0.0926 acres 1/72 of 6.67 acres	0.11580%
(b) Quentin A. Stilwell P. O. Box 1013 Rhame, ND 56525	0.0926 acres 1/72 of 6.67 acres	0.11580%
Tract #3, 1.15 acres		
(1) Linkous Horn Heirs, Devisees Successors or Assigns	1.15 acres	1.43750%
(a) Sydney Smith 1911 McViey Road Salem, VA 24153	0.0383 acres 1/30 of 1.15 acres	0.04792%
(b) Kenneth Roy Osborne 1721 19th Street N.E. Roanoke, VA 24012	0.0383 acres 1/30 of 1.15 acres	0.04792%
(c) Martha Guilliams 1911 McViey Road Salem, VA 24153	0.0383 acres 1/30 of 1.15 acres	0.04792%
(d) Ivory J. Horn P. O. Box 748 Raven, VA 24639	0.0383 acres 1/30 of 1.15 acres	0.04792%
(e) Perry W. Horn 700 Meadowbrooke Dr. Apt. 8 King, NC 27021	0.0383 acres 1/30 of 1.15 acres	0.04792%
(f) Larry M. Horn P. O. Box 131 Rarden, OH 45671	0.0383 acres 1/30 of 1.15 acres	0.04792%
(g) Dorothy Horn Rt. 3, Box 21 Cedar Bluff, VA 24609	0.1150 acres 1/10 of 1.15 acres	0.14375%
(h) Merl Ann Taylor Rt. 1, Box 1445 Cedar Bluff, VA 24609	0.1150 acres 1/10 of 1.15 acres	0.14375%

UNIT S-35

Docket # VGOB-98-0915-0681

Exhibit B-3

List of Unleased Owners/Claimants

	Acres in Unit	Percent of Unit
(i) Thelma H. Osborne P. O. Box 33 Raven, VA 24639	0.1150 acres 1/10 of 1.15 acres	0.14375%
(j) Martha H. Smith P. O. Box 395 Max Meadows, VA 24360	0.1150 acres 1/10 of 1.15 acres	0.14375%
(k) Sarah H. Day P. O. Box 208 Peterstown, WV 24963	0.1150 acres 1/10 of 1.15 acres	0.14375%
(l) Joseph H. Horn P. O. Box 775 Raven, VA 24639	0.1150 acres 1/10 of 1.15 acres	0.14375%
(m) Nancy H. Stilwell Rt. 4, Box 722 North Tazewell, VA 24630	0.1150 acres 1/10 of 1.15 acres	0.14375%
(n) Clifford Osborne P. O. Box 613 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(o) James R. Osborne P. O. Box 495 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(p) Shirley Keene P. O. Box 581 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(q) Mary Keen Rt. 1, Box 157 Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%
(r) John Osborne Rt. 1, Box 159 Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%
(s) Ronnie Osborne General Delivery Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%
(t) Brenda Justice P. O. Box 27 Oakwood, VA 24631	0.0105 acres 1/110 of 1.15 acres	0.01307%
(u) Richard Osborne P. O. Box 541 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(v) Charles M. Osborne P. O. Box 585 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(w) Ruth Keen Address Unknown	0.0105 acres 1/110 of 1.15 acres	0.01307%
(x) Patsy Moore General Delivery Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%

UNIT S-35
Docket # VGOB-98-0915-0681
Exhibit B-3
List of Unleased Owners/Claimants

	Acres in Unit	Percent of Unit
Tract #4, 1.16 acres		
(1) Virginia Department of Transportation 870 Bonham Road Bristol, VA 24201	0.29 acres 1/4 of 1.16 acres	0.36250%

UNIT S-35
Docket # VGOB-98-0915-0681
Exhibit E

List of all Owners/Claimants that require escrow

	Acres in Unit	Percent of Unit
Tract #2, 6.67 acres		
<u>COAL FEE OWNERSHIP</u>		
(1) Hurt McGuire c/o Charles Green 1805 1/2 Jefferson Avenue Bluefield, WV 24701	6.67 acres	8.33750%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Thomas Stilwell heirs, Devisees Successors or Assigns	6.67 acres	8.33750%
(a) Beulah V. Osborne HC 62, Box 109 Raven, VA 24639	0.8338 acres 1/8 of 6.67 acres	1.04219%
(b) Martha J. Stilwell HC 62, Box 95 Raven, VA 24639	0.8338 acres 1/8 of 6.67 acres	1.04219%
(c) Virginia N. Stilwell HC 62, Box 97 Raven, VA 24639	0.8338 acres 1/8 of 6.67 acres	1.04219%
(d) Arthur M. Stilwell HC 62, Box 93 Raven, VA 24639	0.8338 acres 1/8 of 6.67 acres	1.04219%
(e) Exie Osborne General Delivery Shortt Gap, VA 24647	0.8338 acres 1/8 of 6.67 acres	1.04219%
(f) Hubbard Osborne HC 62, Box 89 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(g) Linda S. Shelton P. O. Box 8 Shortt Gap, VA 24647	0.0926 acres 1/72 of 6.67 acres	0.11580%
(h) Jerline Davis 10 Davis Street North Tazewell, VA 24630	0.0926 acres 1/72 of 6.67 acres	0.11580%
(i) Arlin W. Osborne P. O. Box 446 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(j) Jackie D. Osborne Rt. 1, Box 209 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(k) Daniel J. Osborne HC 62, Box 80 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(l) Sylvia A. Shelton St. Rt. Box 81A Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%

UNIT S-35
Docket # VGOB-98-0915-0681
Exhibit E
List of all Owners/Claimants that require escrow

	Acres in Unit	Percent of Unit
(m) Marvin J. Osborne P. O. Box 1607 Cedar Bluff, VA 24609	0.0926 acres 1/72 of 6.67 acres	0.11580%
(n) Lois Casey P. O. Box 162 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(o) Cora Arnold P. O. Box 626 Raven, VA 24639	0.2779 acres 1/24 of 6.67 acres	0.34740%
(o) Leonard C. Stilwell P. O. Box 932 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(p) Jay C. Stilwell P. O. Box 1035 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(q) Wanda Hagy P. O. Box 1738 Richlands, VA 24641	0.0926 acres 1/72 of 6.67 acres	0.11580%
(r) Bessie Lowe P. O. Box 47 Shortt Gap, VA 24647	0.0926 acres 1/72 of 6.67 acres	0.11580%
(s) Theodore Stilwell P. O. Box 626 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(t) Curtis Stilwell General Delivery Doran, VA 24612	0.0926 acres 1/72 of 6.67 acres	0.11580%
(u) Bernadine R. Lisburg 1418 First Avenue South Fargo, ND 58103	0.2779 acres 1/24 of 6.67 acres	0.34740%
(v) Gladys E. Pollert 702 21st South, Apt. 2 Fargo, ND 58103	0.0926 acres 1/72 of 6.67 acres	0.11580%
(w) David W. Stilwell 2107 7th Avenue Apt. 15 Belle Fourche, SD	0.0926 acres 1/72 of 6.67 acres	0.11580%
(x) Thomas H. Stilwell Rt. 1 Bowler, WS 54416	0.0926 acres 1/72 of 6.67 acres	0.11580%
(y) Quentin A. Stilwell P. O. Box 1013 Rhame, ND 56525	0.0926 acres 1/72 of 6.67 acres	0.11580%
(z) Daniel J. Stilwell 600 South 9th Street #64 Bismark, ND 58504	0.0926 acres 1/72 of 6.67 acres	0.11580%

UNIT S-35
Docket # VGOB-98-0915-0681
Exhibit E
List of all Owners/Claimants that require escrow

	Acres in Unit	Percent of Unit
(aa) Bernice R. Lamb 3100 Vermillion Hastings, MN 55033	0.0926 acres 1/72 of 6.67 acres	0.11580%
Tract #3, 1.15 acres		
<u>COAL FEE OWNERSHIP</u>		
(1) Hurt McGuire c/o Charles Green 1805 1/2 Jefferson Avenue Bluefield, WV 24701	1.15 acres	1.43750%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Linkous Horn Heirs, Devisees Successors or Assigns	1.15 acres	1.43750%
(a) Sydney Smith 1911 McViey Road Salem, VA 24153	0.0383 acres 1/30 of 1.15 acres	0.04792%
(b) Kenneth Roy Osborne 1721 19th Street N.E. Roanoke, VA 24012	0.0383 acres 1/30 of 1.15 acres	0.04792%
(c) Martha Guiliams 1911 McViey Road Salem, VA 24153	0.0383 acres 1/30 of 1.15 acres	0.04792%
(d) Ivory J. Horn P. O. Box 748 Raven, VA 24639	0.0383 acres 1/30 of 1.15 acres	0.04792%
(e) Perry W. Horn 700 Meadowbrooke Dr. Apt. 8 King, NC 27021	0.0383 acres 1/30 of 1.15 acres	0.04792%
(f) Larry M. Horn P. O. Box 131 Rarden, OH 45671	0.0383 acres 1/30 of 1.15 acres	0.04792%
(g) Dorothy Horn Rt. 3, Box 21 Cedar Bluff, VA 24609	0.1150 acres 1/10 of 1.15 acres	0.14375%
(h) Merl Ann Taylor Rt. 1, Box 1445 Cedar Bluff, VA 24609	0.1150 acres 1/10 of 1.15 acres	0.14375%
(i) Thelma H. Osborne P. O. Box 33 Raven, VA 24639	0.1150 acres 1/10 of 1.15 acres	0.14375%
(j) Martha H. Smith P. O. Box 395 Max Meadows, VA 24360	0.1150 acres 1/10 of 1.15 acres	0.14375%
(k) Sarah H. Day P. O. Box 208 Peterstown, WV 24963	0.1150 acres 1/10 of 1.15 acres	0.14375%

UNIT S-35
Docket # VGOB-98-0915-0681
Exhibit E

List of all Owners/Claimants that require escrow

	Acres in Unit	Percent of Unit
(l) Joseph H. Horn P. O. Box 775 Raven, VA 24639	0.1150 acres 1/10 of 1.15 acres	0.14375%
(m) Nancy H. Stilwell Rt. 4, Box 722 North Tazewell, VA 24630	0.1150 acres 1/10 of 1.15 acres	0.14375%
(n) Clifford Osborne P. O. Box 613 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(o) James R. Osborne P. O. Box 495 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(p) Shirley Keene P. O. Box 581 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
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(r) John Osborne Rt. 1, Box 159 Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%
(s) Ronnie Osborne General Delivery Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%
(t) Brenda Justice P. O. Box 27 Oakwood, VA 24631	0.0105 acres 1/110 of 1.15 acres	0.01307%
(u) Richard Osborne P. O. Box 541 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(v) Charles M. Osborne P. O. Box 585 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(w) Ruth Keen Address Unknown	0.0105 acres 1/110 of 1.15 acres	0.01307%
(x) Patsy Moore General Delivery Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is, together with the certificate of acknowledgment annexed, admitted to record this 7th day of December, 1998.
Deed Book No. 485 and Page No. 298.
Returned this date to: Clare Davis TESTE: Attucia L. Mel James M. Bevins, Jr., Clerk
Deputy Clerk

INSTRUMENT #980003256
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
DECEMBER 7, 1998 AT 02:02PM
JAMES M. BEVINS JR., CLERK

BY: _____

LD

INSTRUMENT #980003256
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
DECEMBER 7, 1998 AT 02:02PM
JAMES M. BEVINS JR., CLERK

BY: _____



CERTIFICATION OF NOTICE
CNX Gas Company LLC

Unit S-35
VGOB 98-0915-0681-01
Recorded Board Order

NAME		MAILED	RECEIPT #	RECEIVED
Day	Sarah H.	4/15/04	7003 2260 0007 0927 8816	04/20/04
Guilliams	Martha	4/15/04	7003 2260 0007 0927 8823	04/17/04
Horn	Ivory J.	4/15/04	7003 2260 0007 0927 8830	Returned
Horn	Joe P.	4/15/04	7003 2260 0007 0927 8847	Unclaimed
Horn	Larry M.	4/15/04	7003 2260 0007 0927 8854	Unclaimed
Horn	Perry W.	4/15/04	7003 2260 0007 0927 8861	04/16/04
Justice	Brenda Sue & Eddie	4/15/04	7003 2260 0007 0927 8878	No Date
Keen	Noah & Mary	4/15/04	7003 2260 0007 0927 8885	04/16/04
Keen heirs	Ruth	4/15/04	7003 2260 0007 0927 8892	04/19/04
Keen	Shirley	4/15/04	7003 2260 0007 0927 8908	04/16/04
Moore	Patsy & Clyde	4/15/04	7003 2260 0007 0927 8922	04/16/04
Osborne	Charles M.	4/15/04	7003 2260 0007 0927 8953	04/16/04
Osborne	Clifford	4/15/04	7003 2260 0007 0927 8960	Unclaimed
Osborne	James R.	4/15/04	7003 2260 0007 0927 8977	04/19/04
Osborne	Kenneth R.	4/15/04	7003 2260 0007 0927 8984	04/16/04
Osborne	Richard & Debbie	4/15/04	7003 2260 0007 0927 8991	04/16/04
Osborne	Ronnie & Sherry	4/15/04	7003 2260 0007 0927 9004	04/19/04
Osborne	Thelma H.	4/15/04	7003 2260 0007 0927 9011	04/16/04
Osborne Heirs	John	4/15/04	7003 2260 0007 0927 9028	04/16/04
Smith	Martha H.	4/15/04	7003 2260 0007 0927 9059	04/20/04
Smith	Sydney	4/15/04	7003 2260 0007 0927 9066	04/17/04
Stilwell	Nancy H.	4/15/04	7003 2260 0007 0927 9073	04/16/04
Stilwell	Quentin A.	4/15/04	7003 2260 0007 0927 9080	04/19/04
Taylor	Marilyn	4/15/04	7003 2260 0007 0927 9097	04/17/04

BEFORE THE VIRGINIA GAS AND OIL BOARD

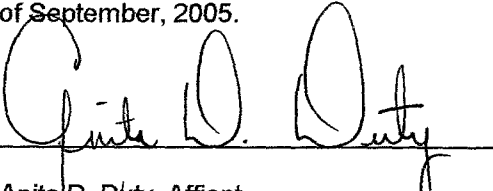
IN RE:

AFFIDAVIT OF MAILING

Anita D. Duty, being first duly sworn on oath, deposes and says:

1. That your affiant is employed by CNX Gas Company LLC, P.O. Box 947, Bluefield, Virginia 24605; that your affiant, as one of her duties, is required to mail notices to persons required to be notified of hearings before and decisions of the Virginia Gas and Oil Board (hereinafter the "Board"); that your affiant receives, reviews and distributes mail addressed to Consol Energy Inc. owned companies and/or partnerships at its aforementioned office;
2. That paragraph eighteen (18) of a Board order made in the above-captioned matter, directed CNX Gas Company LLC to mail a copy of said order to be mailed to the last known address of each well operator listed in said order;
3. That your affiant mailed copies of the order referred to at paragraph "2" above; that annexed hereto and incorporated herein by reference are copies of proofs of mailing showing the parties to whom the copies were mailed and the date of mailing; (See Exhibit A for a complete list.)
4. That paragraph thirteen (13) of the Board's order required that each potential owner to whom a copy of the Board's order was mailed as described above deliver a written election to CNX Gas Company LLC within thirty (30) days of the date on which copies of the order were mailed;

Dated at Tazewell, Virginia, this 19th day of September, 2005.


Anita D. Duty, Affiant

Taken, subscribed and sworn to before me by Anita D. Duty, this 19th day of September, 2005.



Notary Public

My commission expires: 10/31/05

BEFORE THE VIRGINIA GAS AND OIL BOARD

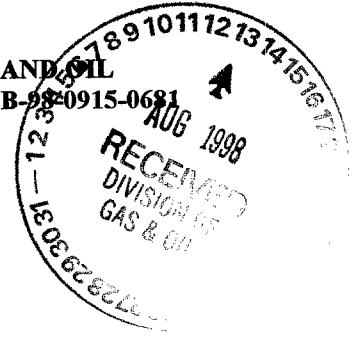
APPLICANT: Buchanan Production Company

DIVISION OF GAS AND OIL

DOCKET NO. VGOB-98-0915-0681

RELIEF SOUGHT: POOLING

UNIT NUMBER: S-35



NOTICE OF HEARING

HEARING DATE: September 15, 1998
PLACE: Southwest Virginia 4-H Center
Hillman Highway, Abingdon, Virginia 24210
TIME: 9:00 AM

COMMONWEALTH OF VIRGINIA:

To: Virginia Department of Transportation, Thomas Stilwell heirs, devisees, successors, or assigns; David W. Stilwell, Quentin A. Stilwell; Linkous Horn heirs, devisees, successors, or assigns; Sydney Smith, Kenneth Roy Osborne, Martha Williams, Ivory J. Horn, Perry W. Horn, Larry M. Horn, Dorothy Horn, Marilyn Taylor, Thelma H. Osborne, Martha H. Smith, Sarah H. Day, Joseph H. Horn, Nancy H. Stilwell, Clifford Osborne, James R. Osborne, Shirley Keene, Mary Keen, John Osborne, Ronnie Osborne, Brenda Justice, Richard Osborne, Charles M. Osborne, Ruth Keen, Patsy Moore.

1. **Applicant and its counsel:** Applicant is Buchanan Production Company, P. O. Box 947, Bluefield, Virginia 24605, 540/988-1016. Applicant's counsel is Mark A. Swartz, P.O. Box 517, Abingdon, VA 24212.

2. **Relief sought:** Pooling.

3. **Proposed provisions of order:** (a) Pooling all the interests and estates of the persons named above in coalbed methane in the unit in question; (b) Establishing a procedure whereby each respondent shall have the right to make elections; (c) Providing that any respondent who does not make a timely election shall be deemed to have leased or assigned his coalbed methane gas interests to the applicant at a rate to be established by the Board; (d) Designating Pocahontas Gas Partnership as Unit Operator; (e) Making any necessary provisions for the escrow of funds; (f) Granting such other relief as is merited by the evidence and is just and equitable, whether or not such relief has been specifically requested herein.

4. **Legal Authority:** Va. Code Ann. §45.1-361.1 et seq. 4 VAC 25-160-10 et seq. and relevant Virginia Gas and Oil Board Orders heretofore promulgated pursuant to law including OGCB 3-90; VGOB-91-1119-162; VGOB 92/02/16-0336; and VGOB 93/03/16-0349.

5. **Type of well(s):** Coalbed methane.

6. **Plat:** Annexed hereto are Exhibit A, Exhibit A1 and the Plat Legend to Exhibit A. The Plat shows the size and shape of the unit and the boundaries of the tracts within the unit. The Legend shows the percentage of acreage in each tract. The plat is certified by a licensed professional

engineer and is attested by the undersigned on behalf of the applicant to be in conformity with existing orders issued by the Board.

7. **Your interest or claim sought to be pooled by this Application pertains to coalbed methane gas.**

8. **Formation(s) to be produced and estimates:** All coal seams and associated strata below the Tiller seam of coal all as more particularly described in the annexed proposed order. The estimated total production from subject unit is 125 to 550 MMCF. The estimated amount of reserves from the subject drilling unit is 125 to 550 MMCF. These figures concerning estimated production and the amount of reserves are, however, estimates only that are not based upon actual production and should not be relied upon for any purpose. It should not be assumed that final production before plugging and abandonment will equal estimated reserves.

9. **Estimate of allowable costs:** \$233,870.50.

10. **Attestation:** The foregoing application to the best of my knowledge, information, and belief is true and correct.

NOTICE IS FURTHER GIVEN that this cause has been set for hearing and the taking of evidence before the Board at 9:00 AM, on September 15, 1998, at the Southwest Virginia 4-H Center, Hillman Highway, Abingdon, Virginia 24210, and that notice will be published as required by law and the rules of the Board.

NOTICE IS FURTHER GIVEN that you may attend this hearing, with or without an attorney, and offer evidence or state any comments you have. The Board rules require that any written objections you wish to file must be filed with the Board at least 10 days before the hearing. For further information or a copy of the application and exhibits, either contact the Virginia Gas and Oil Board, State Oil and Gas Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil, P. O. Box 1416, Abingdon, Virginia 24210, 540/676-5423 or the Applicant at the address shown below.

DATED: 8/12/98

Buchanan Production Company
Applicant

By: Leslie K. Arrington

Leslie K. Arrington, Permit Specialist
P.O. Box 947
Bluefield, Virginia 24605
540/988-1016

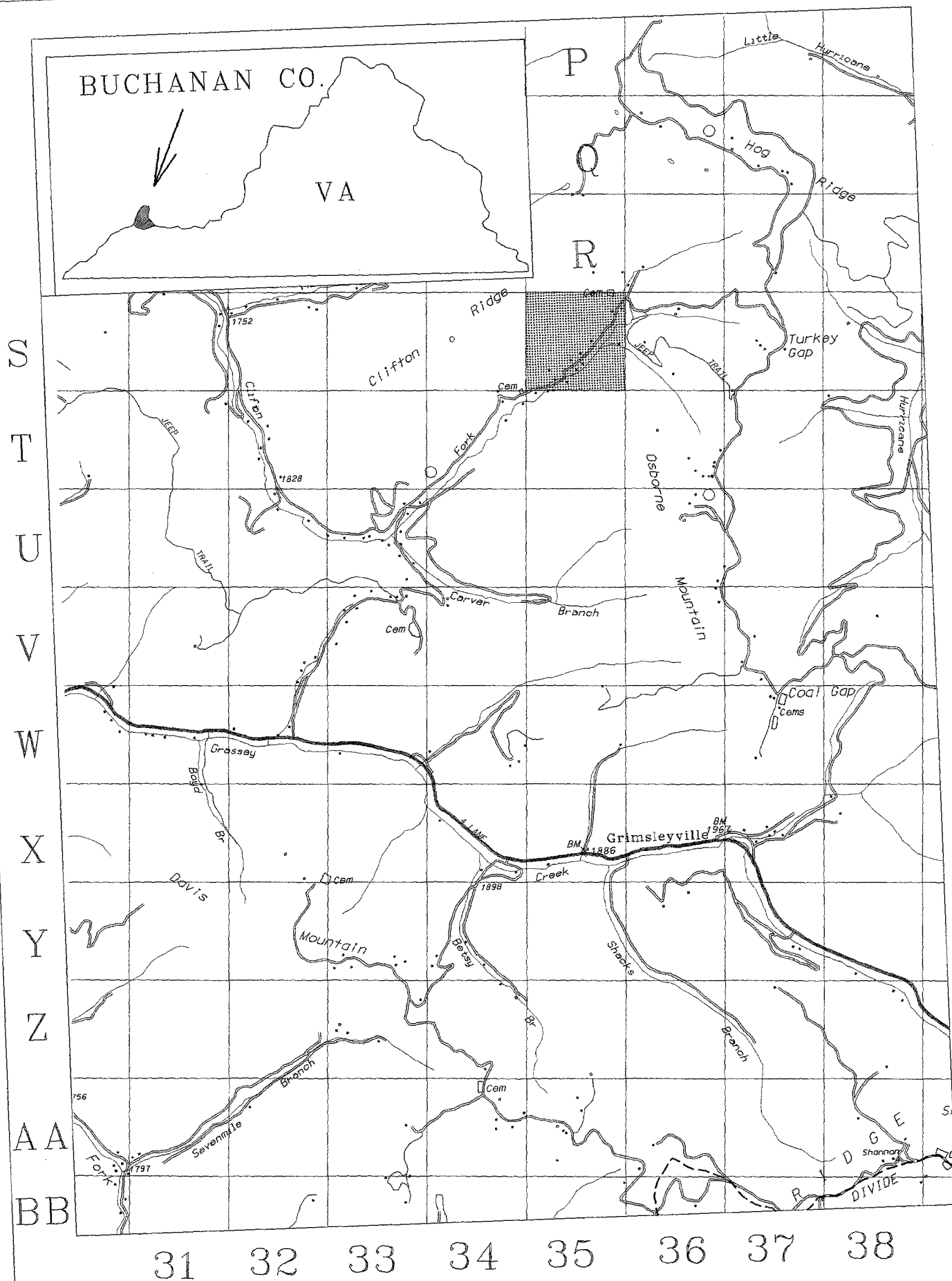
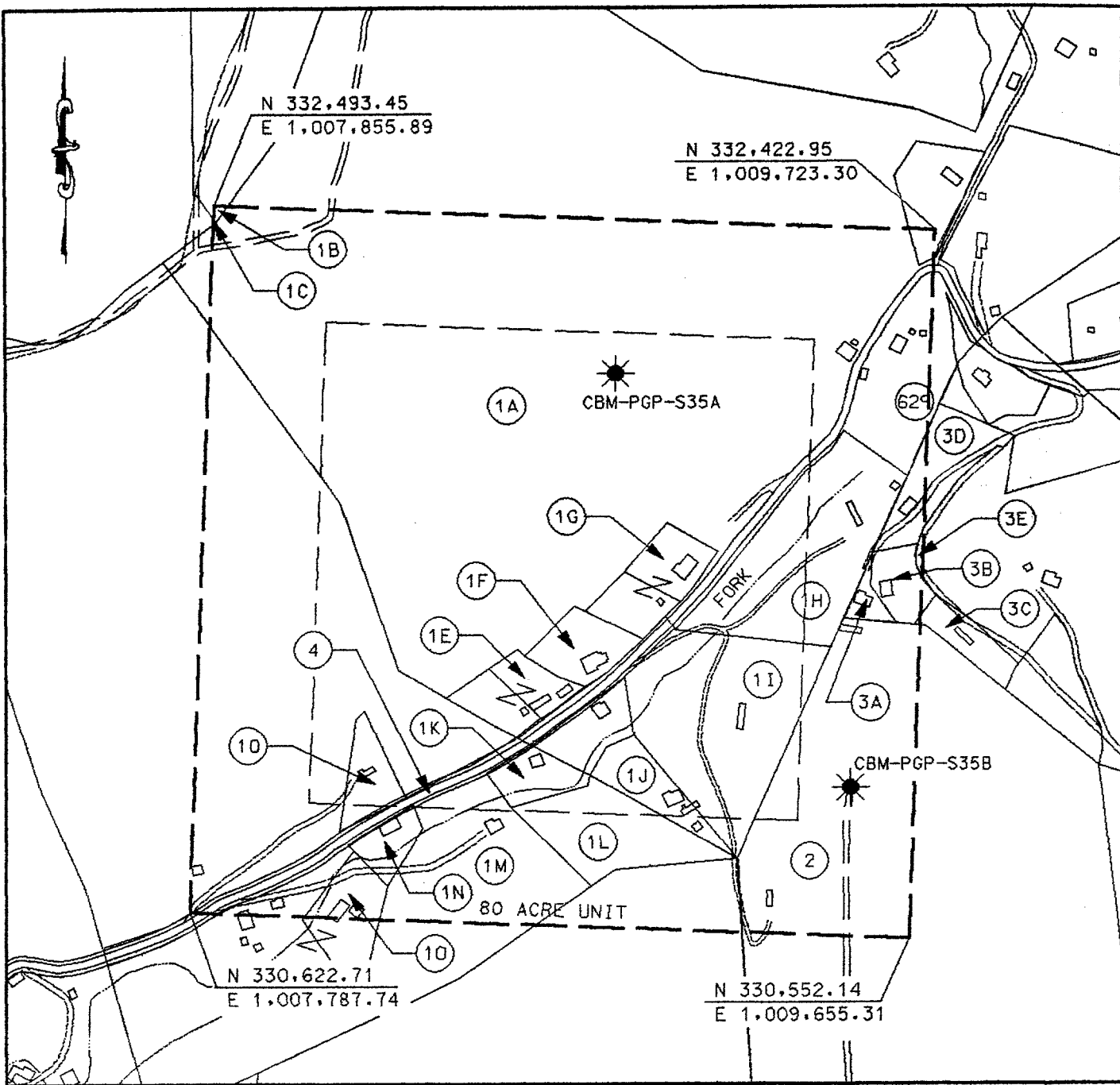


EXHIBIT A1
VGOB-98-0915-0681



LEGEND

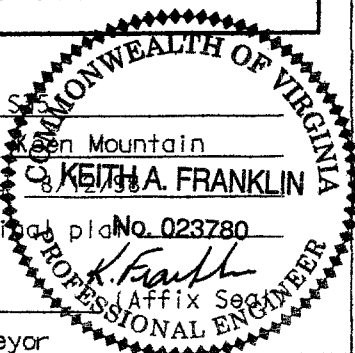
- ↖ TRACT LAND HOOK
 [2] TRACT LAND ID'S

EXHIBIT A
 OAKWOOD FIELD UNIT S-35
 FORCE POOLING
 VGOB-98-0915-0681

Company CONSOL Inc. Well Name and Number UNIT S-35
 Tract No. _____ Elevation _____ Quadrangle Ken Mountain
 County Buchanan District Garden Scale: 1" = 400' Date 8/2/98
 This plat is a new plat X ; an updated plat _____ ; or a final plat No. 023780

Form DGO-GO-7
 Rev. 9/91

Keith A. Franklin
 Licensed Professional Engineer or Licensed Land Surveyor



CONSOL INC.
UNIT S-35
Tract Identification

1. Alpha Stickley, et al - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Buchanan Production Company - CBM Lessee
71.02 acres 88.7750%

- 1A. Betty Ferrell - Surface
- 1B. Franks & Culbertson - Surface
- 1C. Jerry W. Keene - Surface
- 1D. Ricky McGinnis - Surface
- 1E. Starling Osborne - Surface
- 1F. Ray Horn - Surface
- 1G. Troy Horn - Surface
- 1H. Brain Clifton - Surface
- 1I. Betty Ferrell - Surface
- 1J. Tim Compton - Surface
- 1K. Billy Hylton - Surface
- 1L. Paul Thomas, Trustee - Surface
- 1M. Mary Crawford - Surface
- 1N. Bascom Clifton - Surface
- 1O. Mary Crawford - Surface

2. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Thomas Stillwell Heirs - Surface, Oil & Gas
6.67 acres 8.3375%

3. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Linkous Horn Heirs - Oil & Gas
1.15 acres 1.4375%

- 3A. Eddie Justus - Surface
- 3B. Noah & Mary Keene - Surface
- 3C. Robert Trent - Surface
- 3D. Bertha Goodwin - Surface
- 3E. Linkous Horn Heirs - Surface

CONSOL INC.
UNIT S-35
Tract Identification

4. Alpha Stickley, et al 75% - Coal, Oil & Gas
 Virginia Department of Transportation 25% - Coal, Oil & Gas
 Coal Lessees
 Island Creek Coal Company
 Jewell Smokeless Coal Corporation
 Permac, Inc.
 Buchanan Production Company - CBM Lessee
 1.16 acres 1.4500%

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: Pocahontas Gas Company

**DIVISION OF GAS AND OIL
DOCKET NO.: VGOB-98-0915-0681**

RELIEF SOUGHT: POOLING

LOCATION: SEE EXHIBITS "A" AND "A1"

HEARING DATE: September 15, 1998

**UNIT NUMBER: S-35
IN THE OAKWOOD COALBED METHANE GAS FIELD I**

BUCHANAN COUNTY, VIRGINIA

APPLICATION

1. **Applicant and its counsel:** Applicant is Buchanan Production Company, P. O. Box 947, Bluefield, Virginia 24605, 540/988-1016. Applicant's counsel is Mark A. Swartz, P.O. Box 517, Abingdon, VA 24212.

2. **Relief sought:** Pooling under Oakwood Coalbed Methane Gas Field Rules I.

3. **Proposed Order:** A proposed order is annexed hereto as Exhibit F.

4. **Legal Authority:** Va. Code Ann. §45.1-361.1 et seq. 4 VAC 25-160-10 et seq. and relevant Virginia Gas and Oil Board Orders heretofore promulgated pursuant to law including OGCB 3-90; VGOB-91-1119-162; VGOB 92/02/16-0336; and VGOB 93/03/16-0349.

5. **Type of well(s):** Coalbed methane, including increased density wells as required by mining plans.

6. **Permit numbers, if any:** N/A.

7. **Plat:** Annexed hereto are Exhibit A and the Plat Legend to Exhibit A. The Plat shows the size and shape of the unit and the boundaries of the tracts within the unit. The plat is certified by a licensed professional engineer and is attested by the undersigned on behalf of the applicant to be in conformity with existing orders issued by the Board.

8. **Status of interests to be pooled and Applicant's standing:** The respondents whose interests are sought to be pooled by the Applicant are: Virginia Department of Transportation, Thomas Stilwell heirs, devisees, successors, or assigns; David W. Stilwell, Quentin A. Stilwell; Linkous Horn heirs, devisees, successors, or assigns; Sydney Smith, Kenneth Roy Osborne, Martha Guilliams, Ivory J. Horn, Perry W. Horn, Larry M. Horn, Dorothy Horn, Marilyn Taylor, Thelma H. Osborne, Martha H. Smith, Sarah H. Day, Joseph H. Horn, Nancy H. Stilwell, Clifford Osborne, James R. Osborne, Shirley Keene, Mary Keen, John Osborne, Ronnie Osborne, Brenda Justice, Richard Osborne, Charles M. Osborne, Ruth Keen, Patsy Moore.

Further, said respondents are listed in Exhibit B-3 hereto which describes their interests/claims. The respondents and others whose interests are subject to escrow under § 45.1-361.21.D. are identified at Exhibit E. The annexed Exhibit A, page 2, sets forth the total interest(s)

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: Pocahontas Gas Company

DIVISION OF GAS AND OIL

DOCKET NO.: VGOB-98-0915-0681

RELIEF SOUGHT: POOLING

LOCATION: SEE EXHIBITS "A" AND "A1"

HEARING DATE: September 15, 1998

UNIT NUMBER: S-35

IN THE OAKWOOD COALBED METHANE GAS FIELD I

BUCHANAN COUNTY, VIRGINIA

APPLICATION

1. **Applicant and its counsel:** Applicant is Buchanan Production Company, P. O. Box 947, Bluefield, Virginia 24605, 540/988-1016. Applicant's counsel is Mark A. Swartz, P.O. Box 517, Abingdon, VA 24212.

2. **Relief sought:** Pooling under Oakwood Coalbed Methane Gas Field Rules I.

3. **Proposed Order:** A proposed order is annexed hereto as Exhibit F.

4. **Legal Authority:** Va. Code Ann. §45.1-361.1 et seq. 4 VAC 25-160-10 et seq. and relevant Virginia Gas and Oil Board Orders heretofore promulgated pursuant to law including OGCB 3-90; VGOB-91-1119-162; VGOB 92/02/16-0336; and VGOB 93/03/16-0349.

5. **Type of well(s):** Coalbed methane, including increased density wells as required by mining plans.

6. **Permit numbers, if any:** N/A.

7. **Plat:** Annexed hereto are Exhibit A and the Plat Legend to Exhibit A. The Plat shows the size and shape of the unit and the boundaries of the tracts within the unit. The plat is certified by a licensed professional engineer and is attested by the undersigned on behalf of the applicant to be in conformity with existing orders issued by the Board.

8. **Status of interests to be pooled and Applicant's standing:** The respondents whose interests are sought to be pooled by the Applicant are: Virginia Department of Transportation, Thomas Stilwell heirs, devisees, successors, or assigns; David W. Stilwell, Quentin A. Stilwell; Linkous Horn heirs, devisees, successors, or assigns; Sydney Smith, Kenneth Roy Osborne, Martha Guilliams, Ivory J. Horn, Perry W. Horn, Larry M. Horn, Dorothy Horn, Marilyn Taylor, Thelma H. Osborne, Martha H. Smith, Sarah H. Day, Joseph H. Horn, Nancy H. Stilwell, Clifford Osborne, James R. Osborne, Shirley Keene, Mary Keen, John Osborne, Ronnie Osborne, Brenda Justice, Richard Osborne, Charles M. Osborne, Ruth Keen, Patsy Moore.

Further, said respondents are listed in Exhibit B-3 hereto which describes their interests/claims. The respondents and others whose interests are subject to escrow under § 45.1-361.21.D. are identified at Exhibit E. The annexed Exhibit A, page 2, sets forth the total interest(s)

held by Applicant in the unit.

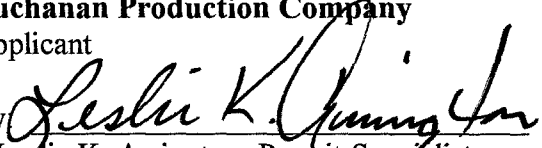
9. **Formation(s) to be produced and estimates:** All coal seams and associated strata below the Tiller seam of coal all as more particularly described in the annexed proposed order. The estimated total production from subject unit is 125 to 550 MMCF. The estimated amount of reserves from the subject drilling unit is 125 to 550 MMCF. These figures concerning estimated production and the amount of reserves are, however, estimates only that are not based upon actual production and should not be relied upon for any purpose. It should not be assumed that final production before plugging and abandonment will equal estimated reserves.

10. **Estimate of allowable costs:** \$233,870.50. See Exhibit C which estimates/reports the costs associated with one frac well. To the extent additional wells may be required by mine plans in the Buchanan No. 1 Mine, the costs of any such additional wells as may be permitted by the Division of Gas and Oil, in accordance with the provisions of § 45.1-361.20.C., Code of Virginia, will not be allocated for frac well production to the subject unit by the Operator.

11. **Attestation:** The foregoing application, to the best of my knowledge, information, and belief, is true and correct.

Buchanan Production Company
Applicant

By


Leslie K. Arrington, Permit Specialist

P.O. Box 947

Bluefield, Virginia 24605

540/988-1016

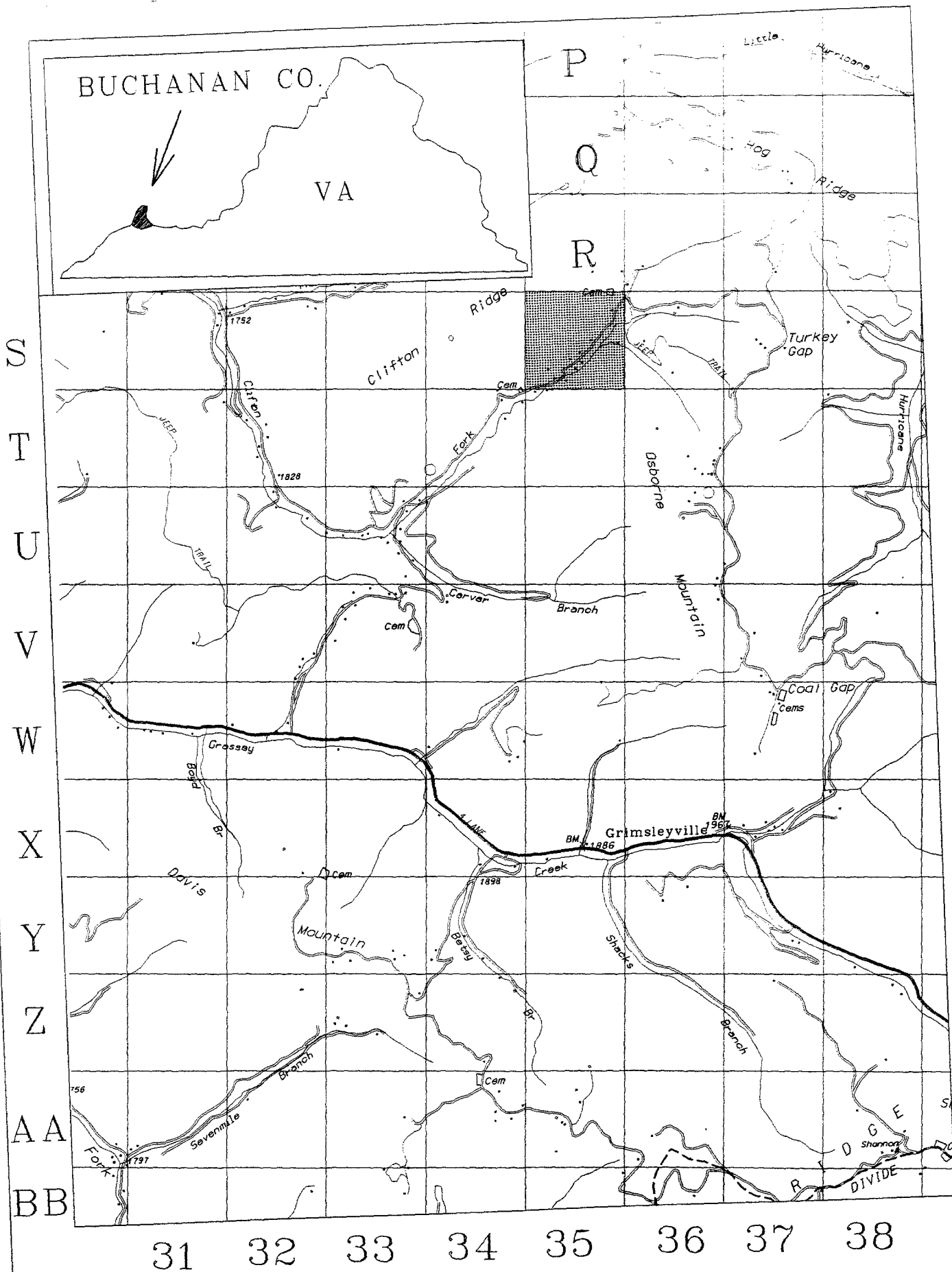
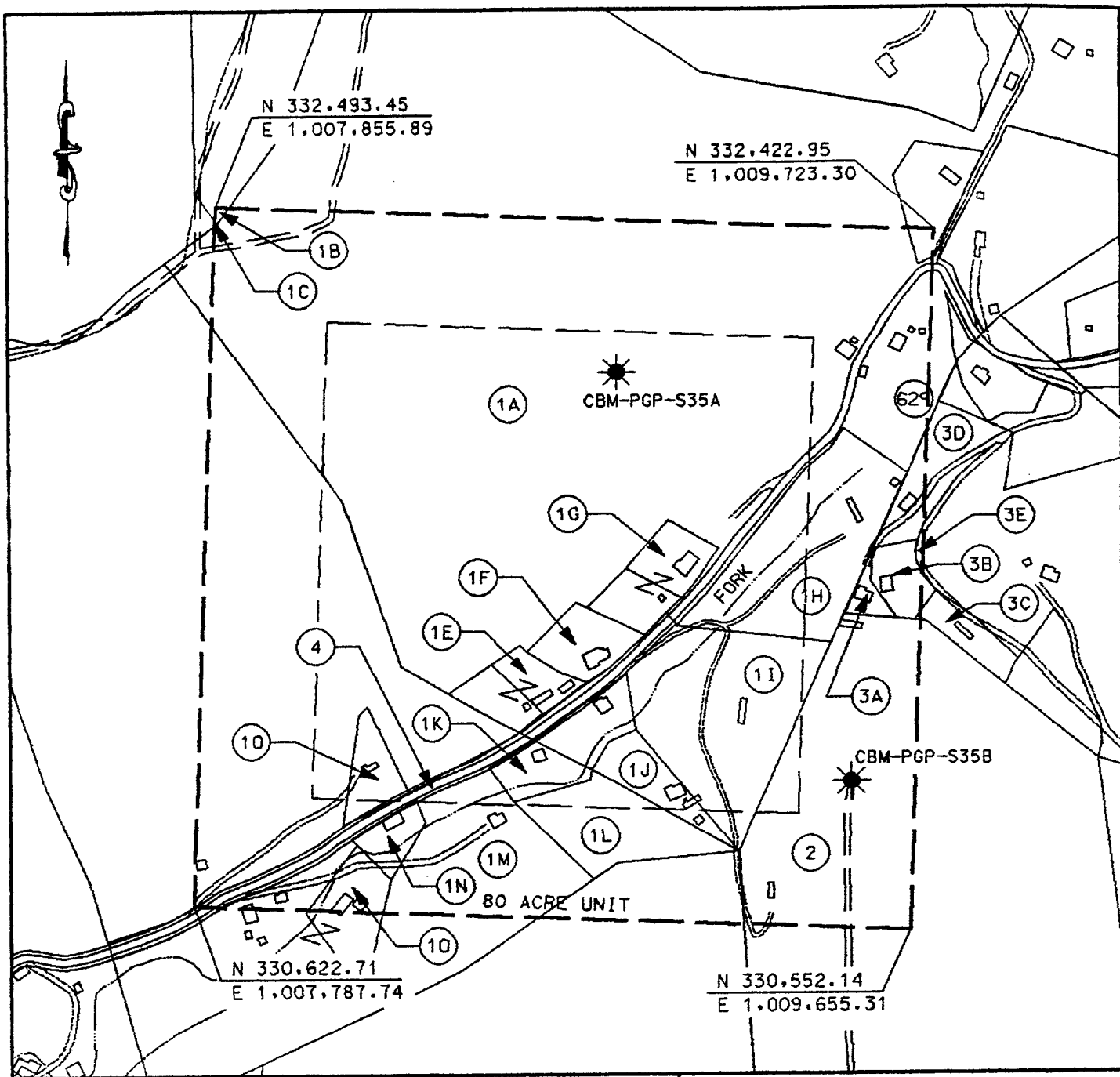


EXHIBIT A1
VGOB-98-0915-0681



LEGEND

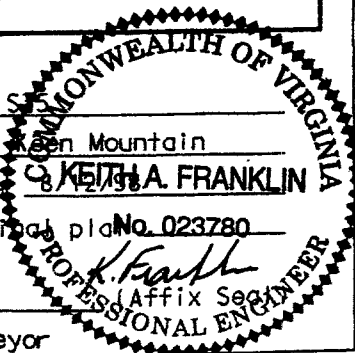
- TRACT LAND HOOK
- TRACT LAND ID'S

EXHIBIT A
OAKWOOD FIELD UNIT S-35
FORCE POOLING
VGOB-98-0915-0681

Company CONSOL Inc. Well Name and Number UNIT S-35
 Tract No. _____ Elevation _____ Quadrangle Keen Mountain
 County Buchanan District Garden Scale: 1" = 400' Date 8-12-98
 This plat is a new plat X ; an updated plat _____ ; or a final plat No. 023780

Form DGO-GO-7
Rev. 9/91

Keith A. Franklin
Licensed Professional Engineer or Licensed Land Surveyor



CONSOL INC.
UNIT S-35
Tract Identification

1. Alpha Stickley, et al - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Buchanan Production Company - CBM Lessee
71.02 acres 88.7750%

- 1A. Betty Ferrell - Surface
- 1B. Franks & Culbertson - Surface
- 1C. Jerry W. Keene - Surface
- 1D. Ricky McGinnis - Surface
- 1E. Starling Osborne - Surface
- 1F. Ray Horn - Surface
- 1G. Troy Horn - Surface
- 1H. Brain Clifton - Surface
- 1I. Betty Ferrell - Surface
- 1J. Tim Compton - Surface
- 1K. Billy Hylton - Surface
- 1L. Paul Thomas, Trustee - Surface
- 1M. Mary Crawford - Surface
- 1N. Bascom Clifton - Surface
- 1O. Mary Crawford - Surface

2. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Thomas Stillwell Heirs - Surface, Oil & Gas
6.67 acres 8.3375%

3. McGuire & Hurt Heirs - Coal
Consolidation Coal Co. - Below drainage coal Leased
United Coal Company - Above drainage coal Leased
Pocahontas Gas Partnership - CBM Lessee
Linkous Horn Heirs - Oil & Gas
1.15 acres 1.4375%

- 3A. Eddie Justus - Surface
- 3B. Noah & Mary Keene - Surface
- 3C. Robert Trent - Surface
- 3D. Bertha Goodwin - Surface
- 3E. Linkous Horn Heirs - Surface

CONSOL INC.
UNIT S-35
Tract Identification

4. Alpha Stickley, et al 75% - Coal, Oil & Gas
Virginia Department of Transportation 25% - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Buchanan Production Company - CBM Lessee
1.16 acres 1.4500%

Ownership information pertaining to T-35 unit.

1. Percentage of coalbed methane rights owned, leased or previously pooled by applicant:

<u>Coal Owner(s)</u>		
<u>Gross Percentages</u>		<u>Net Percentages</u>
100.00%		100.00%

<u>Oil & Gas Owner(s)</u>		
<u>Gross Percentages</u>		<u>Net Percentages</u>
97.6059%		97.6059%

2. Percentage of coalbed methane rights not owned, leased or previously pooled by applicant:

<u>Coal Owner(s)</u>		
<u>Gross Percentages</u>		<u>Net Percentages</u>
00.00%		00.00%

<u>Oil & Gas Owner(s)</u>		
<u>Gross Percentages</u>		<u>Net Percentages</u>
2.3941%		2.3941%

3. Percentage of coal owned/leased: 100.00%

4. Total interest to be pooled:

- a. Coal interest: 00.00%
- b. Oil & Gas interest: 2.3941%

UNIT S-35
Docket # VGOB-98-0915-0681
Exhibit B-3
List of Unleased Owners/Claimants

	Acres in Unit	Percent of Unit
I. <u>COAL FEE OWNERSHIP</u>		
Tract #4, 1.16 acres		
(1) Virginia Department of Transportation 870 Bonham Road Bristol, VA 24201	0.29 acres 1/4 of 1.16 acres	0.36250%
II. <u>OIL & GAS FEE OWNERSHIP</u>		
Tract #2, 6.67 acres		
(1) Thomas Stilwell Heirs, Devisees, Successors or Assigns	6.67 acres	8.33750%
(a) David W. Stilwell 2107 7th Avenue Apt. 15 Belle Fourche, SD	0.0926 acres 1/72 of 6.67 acres	0.11580%
(b) Quentin A. Stilwell P. O. Box 1013 Rhame, ND 56525	0.0926 acres 1/72 of 6.67 acres	0.11580%
Tract #3, 1.15 acres		
(1) Linkous Horn Heirs, Devisees Successors or Assigns	1.15 acres	1.43750%
(a) Sydney Smith 1911 McViey Road Salem, VA 24153	0.0383 acres 1/30 of 1.15 acres	0.04792%
(b) Kenneth Roy Osborne 1721 19th Street N.E. Roanoke, VA 24012	0.0383 acres 1/30 of 1.15 acres	0.04792%
(c) Martha Guilliams 1911 McViey Road Salem, VA 24153	0.0383 acres 1/30 of 1.15 acres	0.04792%
(d) Ivory J. Horn P. O. Box 748 Raven, VA 24639	0.0383 acres 1/30 of 1.15 acres	0.04792%
(e) Perry W. Horn 700 Meadowbrooke Dr. Apt. 8 King, NC 27021	0.0383 acres 1/30 of 1.15 acres	0.04792%
(f) Larry M. Horn P. O. Box 131 Rarden, OH 45671	0.0383 acres 1/30 of 1.15 acres	0.04792%
(g) Dorothy Horn Rt. 3, Box 21 Cedar Bluff, VA 24609	0.1150 acres 1/10 of 1.15 acres	0.14375%
(h) Merl Ann Taylor Rt. 1, Box 1445 Cedar Bluff, VA 24609	0.1150 acres 1/10 of 1.15 acres	0.14375%

UNIT S-35
Docket # VGOB-98-0915-0681
Exhibit B-3
List of Unleased Owners/Claimants

	Acres in Unit	Percent of Unit
(i) Thelma H. Osborne P. O. Box 33 Raven, VA 24639	0.1150 acres 1/10 of 1.15 acres	0.14375%
(j) Martha H. Smith P. O. Box 395 Max Meadows, VA 24360	0.1150 acres 1/10 of 1.15 acres	0.14375%
(k) Sarah H. Day P. O. Box 208 Peterstown, WV 24963	0.1150 acres 1/10 of 1.15 acres	0.14375%
(l) Joseph H. Horn P. O. Box 775 Raven, VA 24639	0.1150 acres 1/10 of 1.15 acres	0.14375%
(m) Nancy H. Stilwell Rt. 4, Box 722 North Tazewell, VA 24630	0.1150 acres 1/10 of 1.15 acres	0.14375%
(n) Clifford Osborne P. O. Box 613 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(o) James R. Osborne P. O. Box 495 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(p) Shirley Keene P. O. Box 581 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(q) Mary Keen Rt. 1, Box 157 Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%
(r) John Osborne Rt. 1, Box 159 Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%
(s) Ronnie Osborne General Delivery Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%
(t) Brenda Justice P. O. Box 27 Oakwood, VA 24631	0.0105 acres 1/110 of 1.15 acres	0.01307%
(u) Richard Osborne P. O. Box 541 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(v) Charles M. Osborne P. O. Box 585 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(w) Ruth Keen Address Unknown	0.0105 acres 1/110 of 1.15 acres	0.01307%
(x) Patsy Moore General Delivery Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%

UNIT S-35
Docket # VGOB-98-0915-0681
Exhibit B-3
List of Unleased Owners/Claimants

	Acres in Unit	Percent of Unit
Tract #4, 1.16 acres		
(1) Virginia Department of Transportation 870 Bonham Road Bristol, VA 24201	0.29 acres 1/4 of 1.16 acres	0.36250%

Unit: S-35
VGOB-98-0915-0681
Exhibit C
Estimated Cost Per Well

ITEM	MATERIALS		LABOR & INCIDENTALS	TOTAL
ft. of 18" 92# CONDUCTOR				\$0.00
ft. of 16" 55# CONDUCTOR	ft. @ 22/ft.	\$0.00		\$0.00
ft. of 16" 55# CASING				\$0.00
30 ft. of 13 3/8" 48#, J-55 CASING	(30@ 14.9/ft.)	\$447.00	(30@ 2.00/ft.) \$60.00	\$507.00
265 ft. of 7" 32#, J-55 CASING	(265@ 10.9/ft.)	\$2,888.50	(265@ 2.00/ft.) \$530.00	\$3,418.50
1800 ft. of 4 1/2" 15.5#, J-55 CASING	(1800@ 4.3/ft.)	\$7,740.00	(1800@ .50/ft.) \$900.00	\$8,640.00
1820 ft. of 2 3/8" 4.7#, J-55	(1820@ 1.75/ft.)	\$3,185.00	(1820@ .50/ft.) \$910.00	\$4,095.00
TUBING				\$0.00
1820 ft. of 5/8" RODS	(1820@ 0.75/ft.)	\$1,365.00	(1820@ .50/ft.) \$910.00	\$2,275.00
METER RUN		\$1,500.00	\$1,000.00	\$2,500.00
PUMPING UNIT		\$5,000.00		\$5,000.00
SUBSURFACE CASING EQUIPMENT		\$3,100.00		\$3,100.00
MISC. FITTINGS & PIPING				\$0.00
13 3/8" X 5 1/2" CASING HEAD				\$0.00
8 5/8" X 5 1/2" CASING HEAD		\$950.00		\$950.00
5 1/2" X 2 3/8" CASING HEAD				\$0.00
2" WB PUMP				\$0.00
CEMENT & CEMENT SERVICES			\$6,500.00	\$6,500.00
COMPLETION		\$2,600.00	\$6,900.00	\$9,500.00
WIRELINE SERVICES				\$0.00
FRACTURE STIMULATION			\$70,000.00	\$70,000.00
RENTAL EQUIPMENT				\$0.00
CONTRACT HAULING			\$7,200.00	\$7,200.00
CONTRACT SERVICES			\$5,000.00	\$5,000.00
CONTRACT DRILLING			30 ft. of 15" Drilling @ 26/ft.	\$780.00
			265 ft. of 11" Drilling @ 22/ft.	\$5,830.00
				\$0.00
			1645 ft. of 6 1/4" Drilling @ 15/ft.	\$24,675.00
MISC. DRILLING			\$5,000.00	\$5,000.00
			\$4,500.00	\$4,500.00
LOCATION, TITLE, ETC.		\$5,000.00	\$30,000.00	\$35,000.00
MISCELLANEOUS(Location)			\$2,500.00	\$2,500.00
13 3/8" X 8" WELL HEAD				\$0.00
7" X 8" WELL HEAD		\$950.00		\$950.00
2 3/8" X 1 1/8" JACKBOX				\$0.00
PRODUCTION & COMPRESSION		\$21,000.00	\$4,500.00	\$25,500.00
Well/Force Pooling fees		\$350.00		\$350.00
Publication		\$100.00		\$100.00
TOTAL ESTIMATED COST		\$56,175.50	\$177,695.00	\$233,870.50

Permit No.:

Drilled:

Total Depth: 1910'

Prepared By:

Dushik K. [Signature]

DATE PREPARED:

8/12/98

EXHIBIT F

REPORT OF THE BOARD

FINDINGS AND ORDER

1. **Hearing Date and Place:** This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on September 15, 1998, Southwest Virginia Education 4-H Center, Abingdon, Virginia.

2. **Appearances:** Mark A. Swartz appeared for the Applicant; and Sandra Riggs was present to advise the Board.

3. **Jurisdiction and Notice:** Pursuant to Va. Code Ann. §§ 45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a search of the reasonably available sources to determine the identity and whereabouts of gas and oil owners, coal owners, mineral owners and/or potential owners, i.e., persons identified by Applicant as having ("Owner") or claiming ("Claimant") the rights to Coalbed Methane Gas in all coal seams below the Tiller Seam, including the Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas No. 9, Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2 and various unnamed coal seams, coalbeds and rock strata associated therewith (hereafter "Subject Formation") in Subject Drilling Unit underlying and comprised of Subject Lands; (2) has given notice to said parties who are identified in Exhibit B-3 (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code Ann. §§ 45.1-361.19 and 45.1-361.22, to notice of the Application filed herein; and (3) that the persons set forth in Exhibit B-3 hereto are persons identified by Applicant through its due diligence who may be Owners or Claimants of Coalbed Methane Gas interests in Subject Formation, in Subject Drilling Unit underlying and comprised of Subject Lands, who have not heretofore agreed to lease or sell to the Applicant and/or voluntarily pool their Gas interests. Conflicting Gas Owners/Claimants in Subject Drilling Unit are listed on Exhibit E. Further, the Board has caused notice of this hearing to be published as required by Va. Code Ann. § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. **Amendments:**

5. **Dismissals:**

6. **Relief Requested:** Applicant requests (1) that pursuant to Va. Code Ann. § 45.1-361.22, including the applicable portions of Va. Code Ann. § 45.1-361.21, the Board pool all the rights, interests and estates in and to the Gas in Subject Drilling Unit, include ring the pooling of the interests of the Applicant and of the known and unknown persons named in Exhibit B-3 hereto and that of their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas, produced from or allocated to the Subject Drilling Unit established for the Subject Formation underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"), and (2) that the Board designate Buchanan Production Company as Unit Operator.

7. **Relief Granted:** The requested relief in this cause be and hereby is granted: (1) Pursuant to Va. Code Ann. § 45.1-361.21.C.3, Buchanan Production Company (hereafter "Unit Operator" or "Operator") is designated as the Unit Operator authorized to drill and operate Coalbed Methane Gas wells in the Subject Drilling Unit, subject to: the permit provisions contained in Va. Code Ann. § 45.1-361.27 et seq.; to the Oakwood Coalbed Methane Gas Field I Order OGCB 3-90, dated May 18, 1990; to §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; and to §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time, and (2) all the interests and estates in and to the Gas in Subject Drilling Unit, including that of the Applicant and of the known and unknown persons listed on Exhibit B-3, attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, be and hereby are pooled in the Subject Formation in the Subject Drilling Unit

underlying and comprised of the Subject Lands.

For the Subject Drilling Unit
underlying and comprised of the Subject
Land referred to as:

Unit Number S-35
Buchanan County, Virginia

Pursuant to the Oakwood I Field Rules, the Board has adopted the following method for the calculation of production and revenue and allocation of allowable costs for the production of Coalbed Methane Gas:

For Frac Well Gas. - Gas shall be produced from and allocated to only the 80-acre drilling unit in which the well(s) is located according to the undivided interests of each Owner/Claimant within the unit, which undivided interest shall be the ratio (expressed as a percentage) that the amount of mineral acreage within each separate tract that is within the Subject Drilling Unit, when platted on the surface, bears to the total mineral acreage, when platted on the surface, contained within the entire 80-acre drilling unit in the manner set forth in the Oakwood I Field Rules.

8. Election and Election Period: In the event any Owner or Claimant named in Exhibit B-3 hereto does not reach a voluntary agreement to share in the operation of the wells to be located in the Subject Drilling Unit and/or outside the Subject Drilling Unit but from which production is allocated to Subject Drilling Unit, at a rate of payment mutually agreed to by said Gas Owner or Claimant and the Unit Operator, then such person named may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 to the designated Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed its written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any Gas Owner or Claimant named in Exhibit B-3 who does not reach a voluntary agreement with the Operator may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs of the development contemplated by this Order for frac well gas, short hole gas, unsealed gob gas and gas from any increased density well, including a reasonable supervision fee, as more particularly set forth in Virginia Gas and Oil Board Regulation VR 4 VAC 25-160-100 (herein "Allocable, Completed for Production Costs"). Further, a Participating Operator agrees to pay the estimate of such Participating Operator's proportionate part of the Allocable, Completed-for-Production Costs as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The estimated Allocable, Completed-for-Production Well Costs for the Subject Drilling Unit are as follows: \$250,475.20.

A Participating Operator's proportionate cost hereunder shall be obtained by multiplying the Participating Operators' "Interest in Unit" times the Allocable Completed-for-Production Cost set forth above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the Allocable, Completed-for Production Panel Costs as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above, any Gas Owner or Claimant named in

Exhibit B-3 hereto who does not reach a voluntary agreement with the Unit Operator may elect to accept a cash bonus consideration of \$1.00 per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, and thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Coalbed Methane Gas produced from any well development covered by this Order multiplied by that person's Division of Interest or proportional share of said production (for purposes of this Order, net proceeds shall be actual proceeds received less all post-production costs incurred downstream of the wellhead, including, but not limited to, all gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person) as fair, reasonable and equitable compensation to be paid to said Gas Owner or Claimant. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within sixty (60) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within sixty (60) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, subject to a final legal determination of ownership, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing person in and to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to and hereby does lease and assign, its right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any Gas Owner or Claimant named in Exhibit B-3 hereto who does not reach a voluntary agreement with the Operator may elect to share in the development and operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Allocable, Completed-for-Production Panel Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims in and to the Gas in Subject Drilling Unit shall be deemed and hereby are assigned to the Applicant until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Allocable, Completed-for-Production Panel Costs allocable to the interest of such Carried Well Operator. When the Applicant recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.3, when so made, shall be satisfaction in full for the rights, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign its rights, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Applicant for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event a person named in Exhibit B-3 hereto does not reach a voluntary

agreement with the Unit Operator and fails to elect within the time, in the manner and in accordance with the terms of this Order, one of the alternatives set forth in Paragraph 9 above for which his interest qualifies, then such person shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to a final legal determination of ownership, to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned his right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed, subject to a final legal determination of ownership, to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the right, interests, and claims of such person in and to the Gas produced from the Subject Formation underlying Subject Lands.

11. Default By Participating Person: In the event a person named in Exhibit B-3 elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Allocable, Completed-for-Production Cost as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, interest, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within sixty (60) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests, and claims of such person in and to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any royalties which would become due pursuant to Paragraph 9.2 hereof.

12. Assignment of Interest: In the event a person named in Exhibit B-3 is unable to reach a voluntary agreement to share in the operation of the wells contemplated by this Order at a rate of payment agreed to mutually by said Owner or Claimant and the Operator, and such person elects or fails to elect to do other than participate under Paragraph 9.1 above in the development and operation of Subject Formations in Subject Drilling Unit, then subject to a final legal determination of ownership, such person shall be deemed to have and shall have assigned unto Unit Operator such person's right, interests, and claims in and to said wells, and other share in production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said election.

13. Unit Operator (or Operator): Buchanan Production Company be and hereby is designated as Unit Operator authorized to drill and operate the Coalbed Methane Well(s) in Subject Formation in Subject Drilling Unit, all subject to the permit provisions contained in Va. Code Ann. §§ 45.1-361.27 et seq.; §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations; and the Oakwood Coalbed Gas Field I Order OGCB 3-90, all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

Buchanan Production Company
P. O. Box 947
Bluefield, VA 24605
Phone: (540) 988-1016
Fax: (540) 988-1055
Attn: Leslie K. Arrington

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of the well(s) within the Subject Drilling Unit and/or the well(s) outside the Subject Drilling Unit but from which production is allocated to the Subject Drilling Unit within three hundred and sixty-five (365) days from the date of this Order and shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and/or prosecuted, then this Order shall terminate, except for any cash sums then payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 P.M. on the date on which all wells covered by this Order and/or all wells from which production is allocated to the Subject Drilling Unit are permanently abandoned and plugged. However, in the event an appeal is taken from this Order, then the time between the filing of the petition for appeal and the final Order of the Circuit Court shall

be excluded in calculating the one year period referred herein.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are chargeable against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions: By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account, (herein "the Escrow Account") to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described:

First Virginia - Mountain Empire
Trust Department
P.O. Box 1038
Abingdon, Virginia 24210
Telephone: (540) 475-3112
Fax: (540) 628-7633

16.1. Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator and, pursuant to Va. Code Ann. § 45.1-361.21.D, said sums shall be deposited by the Operator into the Escrow Account, commencing within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are being deposited. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with Va. Code Ann. § 45.1-361.21.D.

16.2. Escrow Provisions For Conflicting Claimants: If any payment of bonus, royalty payment of other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment or other payment, together with Participating Operator's Proportionate Costs paid to Operator pursuant to Paragraph 9.1 hereof, if any, (1) shall not be commingled with any funds of the Unit Operator; and (2) shall, pursuant to Va. Code Ann. §§ 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4, be deposited by the Operator into the Escrow Account within one hundred twenty (120) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

17. Special Findings: The Board specifically and specially finds:

18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of recording of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of its receipt to each Respondent pooled by this Order and whose address is known.

19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable

access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

21. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court. Such appeals must be taken in the manner prescribed in the Administrative Process Act, Va. Code Ann. § 9-6.14:1 et seq.

22. Effective Date: This Order shall be effective on the date of its execution.

UNIT S-35
Docket # VGOB-98-0915-0681
Exhibit E
List of all Owners/Claimants that require escrow

	Acres in Unit	Percent of Unit
Tract #2, 6.67 acres		
<u>COAL FEE OWNERSHIP</u>		
(1) Hurt McGuire c/o Charles Green 1805 1/2 Jefferson Avenue Bluefield, WV 24701	6.67 acres	8.33750%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Thomas Stilwell heirs, Devisees Successors or Assigns	6.67 acres	8.33750%
(a) Beulah V. Osborne HC 62, Box 109 Raven, VA 24639	0.8338 acres 1/8 of 6.67 acres	1.04219%
(b) Martha J. Stilwell HC 62, Box 95 Raven, VA 24639	0.8338 acres 1/8 of 6.67 acres	1.04219%
(c) Virginia N. Stilwell HC 62, Box 97 Raven, VA 24639	0.8338 acres 1/8 of 6.67 acres	1.04219%
(d) Arthur M. Stilwell HC 62, Box 93 Raven, VA 24639	0.8338 acres 1/8 of 6.67 acres	1.04219%
(e) Exie Osborne General Delivery Shortt Gap, VA 24647	0.8338 acres 1/8 of 6.67 acres	1.04219%
(f) Hubbard Osborne HC 62, Box 89 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(g) Linda S. Shelton P. O. Box 8 Shortt Gap, VA 24647	0.0926 acres 1/72 of 6.67 acres	0.11580%
(h) Jerline Davis 10 Davis Street North Tazewell, VA 24630	0.0926 acres 1/72 of 6.67 acres	0.11580%
(i) Arlin W. Osborne P. O. Box 446 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(j) Jackie D. Osborne Rt. 1, Box 209 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(k) Daniel J. Osborne HC 62, Box 80 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(l) Sylvia A. Shelton St. Rt. Box 81A Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%

UNIT S-35
Docket # VGOB-98-0915-0681
Exhibit E
List of all Owners/Claimants that require escrow

	Acres in Unit	Percent of Unit
(m) Marvin J. Osborne P. O. Box 1607 Cedar Bluff, VA 24609	0.0926 acres 1/72 of 6.67 acres	0.11580%
(n) Lois Casey P. O. Box 162 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(o) Cora Arnold P. O. Box 626 Raven, VA 24639	0.2779 acres 1/24 of 6.67 acres	0.34740%
(o) Leonard C. Stilwell P. O. Box 932 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(p) Jay C. Stilwell P. O. Box 1035 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(q) Wanda Hagy P. O. Box 1738 Richlands, VA 24641	0.0926 acres 1/72 of 6.67 acres	0.11580%
(r) Bessie Lowe P. O. Box 47 Shortt Gap, VA 24647	0.0926 acres 1/72 of 6.67 acres	0.11580%
(s) Theodore Stilwell P. O. Box 626 Raven, VA 24639	0.0926 acres 1/72 of 6.67 acres	0.11580%
(t) Curtis Stilwell General Delivery Doran, VA 24612	0.0926 acres 1/72 of 6.67 acres	0.11580%
(u) Bernadine R. Lisburg 1418 First Avenue South Fargo, ND 58103	0.2779 acres 1/24 of 6.67 acres	0.34740%
(v) Gladys E. Pollert 702 21st South, Apt. 2 Fargo, ND 58103	0.0926 acres 1/72 of 6.67 acres	0.11580%
(w) David W. Stilwell 2107 7th Avenue Apt. 15 Belle Fourche, SD	0.0926 acres 1/72 of 6.67 acres	0.11580%
(x) Thomas H. Stilwell Rt. 1 Bowler, WS 54416	0.0926 acres 1/72 of 6.67 acres	0.11580%
(y) Quentin A. Stilwell P. O. Box 1013 Rhome, ND 56525	0.0926 acres 1/72 of 6.67 acres	0.11580%
(z) Daniel J. Stilwell 600 South 9th Street #64 Bismark, ND 58504	0.0926 acres 1/72 of 6.67 acres	0.11580%

UNIT S-35
Docket # VGOB-98-0915-0681
Exhibit E
List of all Owners/Claimants that require escrow

	Acres in Unit	Percent of Unit
(aa) Bernice R. Lamb 3100 Vermillion Hastings, MN 55033	0.0926 acres 1/72 of 6.67 acres	0.11580%

Tract #3, 1.15 acres

COAL FEE OWNERSHIP

(1) Hurt McGuire c/o Charles Green 1805 1/2 Jefferson Avenue Bluefield, WV 24701	1.15 acres	1.43750%
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OIL & GAS FEE OWNERSHIP

(1) Linkous Horn Heirs, Devisees Successors or Assigns	1.15 acres	1.43750%
(a) Sydney Smith 1911 McViey Road Salem, VA 24153	0.0383 acres 1/30 of 1.15 acres	0.04792%
(b) Kenneth Roy Osborne 1721 19th Street N.E. Roanoke, VA 24012	0.0383 acres 1/30 of 1.15 acres	0.04792%
(c) Martha Guilliams 1911 McViey Road Salem, VA 24153	0.0383 acres 1/30 of 1.15 acres	0.04792%
(d) Ivory J. Horn P. O. Box 748 Raven, VA 24639	0.0383 acres 1/30 of 1.15 acres	0.04792%
(e) Perry W. Horn 700 Meadowbrooke Dr. Apt. 8 King, NC 27021	0.0383 acres 1/30 of 1.15 acres	0.04792%
(f) Larry M. Horn P. O. Box 131 Rarden, OH 45671	0.0383 acres 1/30 of 1.15 acres	0.04792%
(g) Dorothy Horn Rt. 3, Box 21 Cedar Bluff, VA 24609	0.1150 acres 1/10 of 1.15 acres	0.14375%
(h) Merl Ann Taylor Rt. 1, Box 1445 Cedar Bluff, VA 24609	0.1150 acres 1/10 of 1.15 acres	0.14375%
(i) Thelma H. Osborne P. O. Box 33 Raven, VA 24639	0.1150 acres 1/10 of 1.15 acres	0.14375%
(j) Martha H. Smith P. O. Box 395 Max Meadows, VA 24360	0.1150 acres 1/10 of 1.15 acres	0.14375%
(k) Sarah H. Day P. O. Box 208 Peterstown, WV 24963	0.1150 acres 1/10 of 1.15 acres	0.14375%

UNIT S-35
Docket # VGOB-98-0915-0681
Exhibit E
List of all Owners/Claimants that require escrow

	Acres in Unit	Percent of Unit
(l) Joseph H. Horn P. O. Box 775 Raven, VA 24639	0.1150 acres 1/110 of 1.15 acres	0.14375%
(m) Nancy H. Stilwell Rt. 4, Box 722 North Tazewell, VA 24630	0.1150 acres 1/110 of 1.15 acres	0.14375%
(n) Clifford Osborne P. O. Box 613 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(o) James R. Osborne P. O. Box 495 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(p) Shirley Keene P. O. Box 581 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(q) Mary Keen Rt. 1, Box 157 Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%
(r) John Osborne Rt. 1, Box 159 Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%
(s) Ronnie Osborne General Delivery Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%
(t) Brenda Justice P. O. Box 27 Oakwood, VA 24631	0.0105 acres 1/110 of 1.15 acres	0.01307%
(u) Richard Osborne P. O. Box 541 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(v) Charles M. Osborne P. O. Box 585 Keen Mountain, VA 24624	0.0105 acres 1/110 of 1.15 acres	0.01307%
(w) Ruth Keen Address Unknown	0.0105 acres 1/110 of 1.15 acres	0.01307%
(x) Patsy Moore General Delivery Raven, VA 24639	0.0105 acres 1/110 of 1.15 acres	0.01307%

AFFIDAVIT OF DUE DILIGENCE

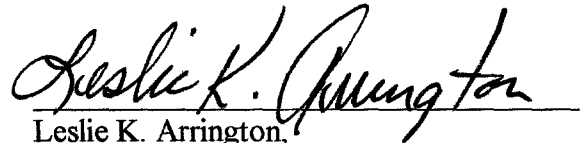
**COMMONWEALTH OF VIRGINIA
COUNTY OF TAZEWELL**

I, Leslie K. Arrington, after being duly sworn upon oath, state as follows:

1. I am a permit specialist of Buchanan Production Company and am responsible for the notification process required by Va. Code Ann. § 45.1-361.19 and VR 480-05-22.2 § 4.
2. That Buchanan Production Company has exercised due diligence in attempting to locate and notice all owners and claimants who are unleased and/or who were not previously pooled by prior order(s) of the Virginia Gas and Oil Board regarding Unit S-35, all as required by Va. Code Ann. § 45.1-361.19 and VR 480-05-22.2.
3. That on August 14, 1998 a true and correct copy of the Notice of Hearing with Exhibits will be mailed, via certified mail return receipt requested, to all owners and claimants listed in Exhibit B-3 for whom mailing addresses were then available.
4. That every individual or entity having an unleased or unpooled interest in the methane gas underlying the tracts in the S-35 unit, whether known or unknown, including those persons whose mailing address were unknown, was notified of the filing of Buchanan Production Company's application by publication of the Notice of Hearing in the *Bluefield Daily Telegraph*.
5. That Buchanan Production Company will continue to exercise due diligence in attempting to locate and identify the names and/or addresses of any unknown or unlocatable parties and, if located or identified, will notify them of Buchanan Production Company's application.

Docket No. VGOB-98-0915-0681
Affidavit of Due Diligence

I have read the foregoing, and the information given above is true and correct to the best of my knowledge and belief.


Leslie K. Arrington,
Permit Specialist for
Buchanan Production Company

ACKNOWLEDGMENT

COMMONWEALTH OF VIRGINIA

COUNTY OF TAZEWELL, TO-WIT:

TAKEN, SUBSCRIBED AND SWORN to before me this 12th day of
August, 1998.



Notary Public

My commission expires: 1-31-2001